



January 25, 2012

[REDACTED]  
SunTrust Mortgage, Inc.

[REDACTED]  
SunTrust Bank

[REDACTED]  
SunTrust Banks, Inc.

Re: Foreclosure Review

Dear [REDACTED],

This engagement letter (the "Agreement") confirms that SunTrust Banks, Inc., SunTrust Bank and SunTrust Mortgage, Inc. (together, "you", "SunTrust" or "the Company"), has engaged PricewaterhouseCoopers LLP ("we" or "us" or "PwC") to perform the services described below to assist you in connection with compliance with certain requirements set forth in the consent order (the "Consent Order") received by you from the Board of Governors of the Federal Reserve System ("Federal Reserve" or "FRB").

### Background

In response to recent litigation, regulatory events, and the Consent Order, SunTrust has determined the need to engage independent consultant(s) ("ICs") acceptable to the FRB to conduct an independent evaluation of certain foreclosure actions regarding individual borrowers with respect to SunTrust's residential loan portfolio and servicing portfolio, and SunTrust wishes to engage PwC as one of such independent consultants. This evaluation will include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by SunTrust Mortgage, Inc. and brought in the name of SunTrust Bank, SunTrust Mortgage, Inc., the investor, the mortgage note holder, or any agent for the mortgage note holder (including the Mortgage Electronic Registration Systems ("MERS")), that have been pending at any time from January 1, 2009 to December 31, 2010 (the "Review Period"), as well as residential foreclosure sales that occurred during the Review Period (the "Foreclosure Review").

This Agreement, which is subject to FRB approval, is intended to outline an engagement approach that determines the following:

- (a) The methodology for conducting the Foreclosure Review, including:
  - (i) a description of the information systems and documents to be evaluated, including the selection of criteria for cases to be evaluated;
  - (ii) the criteria for evaluating the reasonableness of fees and penalties;
  - (iii) other procedures necessary to make the required determinations (such as interviews of employees and third parties and a process for the submission and evaluation of borrower claims and complaints); and,
  - (iv) any proposed sampling techniques.

In setting the scope and evaluation methodology under clause (i) of this sub-paragraph, PwC may consider any work already done by SunTrust or other third-parties on behalf of SunTrust. This Agreement shall contain a full description of the statistical methods chosen, as well as procedures to increase the size of the sample depending on the results of the initial sampling.



(b) Resources to be dedicated to the Foreclosure Review - The PwC team structure and industry experience is included in the *PwC Team Structure and Industry Experience* section below.

(c) Timeline to complete the Foreclosure Review - A discussion of the timelines associated with the Foreclosure Review is included in the *Timeline* section below.

### **Scope of Our Services & Responsibilities**

You are engaging us to provide the professional consulting services outlined below (the "Services" or "Foreclosure Review Services"). We are not providing, and shall at no time provide, any legal advice or legal opinions in connection with this engagement. PwC makes no representations or conclusions regarding questions of legal interpretation.

As provided for by the FRB, SunTrust wishes to engage PwC as one of its independent consultants to conduct an independent evaluation of certain residential foreclosure actions. PwC understands that SunTrust also will retain an independent outside consultant to provide legal analysis concerning the applicable legal issues associated with the Foreclosure Review required by Paragraph 3 of the Consent Order (the "Review Criteria"), such as (i) building the evaluation criteria and providing support for subsequent questions of legal interpretation arising during the Foreclosure Review; and (ii) providing guidance where a Review Criterion requires a legal opinion as to compliance with law or contract. SunTrust will ensure that the independent legal consultant will share its analysis and guidance related to such Review Criteria with PwC as may be necessary in connection with PwC's provision of Services hereunder, subject to all applicable privileges and protections as outlined below.

This Agreement does not cover, and the definition of "Services" does not include, the services that will be provided by the independent legal consultant, as those services will be covered by a separate agreement between SunTrust and the independent legal consultant. Although PwC may utilize certain Review Criteria and other information or materials prepared by the independent legal consultant in order to provide the Services hereunder, PwC disclaims any and all responsibility and liability for any such materials, information or data provided by SunTrust or the independent legal consultant in connection with this engagement. PwC intends to refer any potential matters of legal interpretation to the independent legal consultant, and PwC will make no representations or conclusions regarding such matters. Additionally, PwC understands, and SunTrust agrees, all information necessary to perform this engagement is provided by SunTrust to PwC and to the independent legal consultant, in their capacities as independent consultants for SunTrust, engaged per the requirements of the April 13, 2011 Consent Order (including any additional supervisory guidance provided thereunder), and in the course of the supervisory and/or regulatory process of the Federal Reserve Board of Atlanta (the "Agency"). PwC understands, and SunTrust agrees, that the subject information is being submitted pursuant to the protections against disclosure afforded by the Financial Services Regulatory Relief Act of 2006, Section 18(x) of the Federal Deposit Insurance Act, 12 U.S.C. § 1828(x), including any and all protections afforded against waiver of privileges that apply to such information, including, among others, attorney-client privilege and the work product doctrine. SunTrust has requested that the PwC, the independent legal consultant and the Agency notify its employees and agents of the foregoing, and take all appropriate steps to ensure the confidentiality and non-disclosure of the subject information being provided. SunTrust has further requested confidential treatment of any documentation or information provided and to be provided during the course of the engagement, whether electronic or paper, (the "Confidential Materials") pursuant to the Freedom of Information Act, 5 U.S.C. § 522, and the applicable regulations of the Reserve Bank, 12 C.F.R. Part 261. The Confidential Materials include certain non-public, sensitive, commercial, financial and other information respecting the business operations of SunTrust. SunTrust would not ordinarily make this information available to the public, and it is not otherwise available in the public domain.

PwC will provide a written report detailing its factual observations and findings from the Foreclosure Review (the "Foreclosure Report"). PwC understands that the independent legal consultant will prepare a separate written report that sets forth legal conclusions as may be required under the Consent Order, which report shall be based upon the results of the Foreclosure Review Foreclosure Report provided to SunTrust by PwC.



PwC understands that SunTrust may provide our draft written report and related findings to SunTrust's independent legal consultant for its consideration in preparing its written report that sets forth the legal conclusions that are called for by the Consent Order. We will perform the Services in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we will not provide an audit or attest opinion or other form of assurance, and we will not verify or audit any information provided to us by SunTrust or on SunTrust's behalf (except as described in the *Data Quality Assessment* section), or provided to us by the independent legal consultant or on behalf of the independent legal consultant.

#### *Independence of PwC as Independent Consultant*

PwC agrees to use its best efforts to ensure that its performance of the Foreclosure Review Services will comply with all requirements set forth in Paragraph 3 and 4 of the Consent Order to the extent that such paragraphs do not require any legal analyses or conclusions, which PwC understands shall be performed by the independent legal consultant, and that it will conduct the Foreclosure Review Services as separate and independent from any evaluation, study, or other work performed by SunTrust or its other contractors or agents with respect to SunTrust's applicable mortgage servicing portfolio or SunTrust's compliance with other requirements of the Consent Order, as set forth below:

1. As previously indicated, SunTrust (and/or its contractors or agents, as applicable) will not attempt to direct or influence PwC's factual observations or findings. PwC shall immediately notify the FRB of any effort by SunTrust, directly or indirectly, to exert any such direction, control, supervision, oversight, or influence over PwC.
2. PwC agrees that it is responsible for the conduct and results of the factual evaluation and factual findings required by the Foreclosure Review that do not require legal determinations or analyses, in accordance with the requirements of Paragraphs 3 and 4 of the Consent Order. As previously indicated, PwC understands that the independent legal consultant will prepare a separate written report that sets forth the legal analysis that is called for by the requirements of Paragraph 3(a)(i) through (vii) of the Consent Order, which report shall be based upon the report provided to SunTrust by PwC. PwC understands that engagement of such independent legal consultant by SunTrust is subject to FRB approval.
3. The conduct of the Foreclosure Review shall be subject to the monitoring, oversight, and guidance of the FRB. PwC agrees to promptly comply with all written comments, guidance, and instructions of the FRB concerning the conduct of the Foreclosure Review, and that it will promptly provide any documents, workpapers, materials or other information requested by the FRB, subject to applicable privileged and protections from public disclosure as outlined below.
4. PwC agrees to provide regular progress reports, updates and information concerning the conduct of the Foreclosure Review to the FRB, as directed by the FRB.
5. PwC will conduct the Foreclosure Review using only personnel employed or retained by PwC to perform the work required to complete the Foreclosure Review. PwC shall not employ or use services provided by SunTrust employees, or contractors or agents retained by SunTrust to conduct the independent review and prepare the independent report required by Paragraph 3 of the Consent Order, except where the FRB specifically provides prior written approval to do so.
6. Subject to the requirements and restrictions of 5. above, including the requirement of specific approval by the FRB, PwC may utilize documents, materials or other information provided by SunTrust, and may communicate with SunTrust, its contractors or agents, in order to conduct the Foreclosure Review.





7. PwC agrees that any legal analysis needed in conducting the Foreclosure Review Services shall be provided by the independent legal consultant whose retention for that purpose has been approved by the FRB. As previously indicated, PwC will refer any potential matters of legal interpretation to the independent legal consultant, and PwC will make no representations or conclusions regarding such matters. PwC agrees not to obtain legal advice (or other professional services) in conducting the Foreclosure Review Services from SunTrust's inside counsel, or from outside counsel retained by SunTrust or its affiliates to provide legal advice concerning the Consent Order or matters contained in the Consent Order.
8. If the FRB determines, in its sole discretion, that PwC has not been fully compliant with the foregoing standards (numbers 1. Through 7, above), the FRB may direct SunTrust to dismiss PwC and retain a successor consultant, in which case SunTrust shall have no further obligation to PwC other than for services performed up to that date for SunTrust.

#### *Scope*

PwC will assist SunTrust with the identification of borrowers and investors who may have suffered financial injury as a result of errors, misrepresentations, or other deficiencies associated with pending or completed foreclosures in 2009 and 2010. Financial injury is considered direct monetary harm to the borrower or the owner of the mortgage loan. Monetary harm does not include physical injury, pain and suffering, emotional distress, or other non-financial harm. Monetary harm does not include financial injury that did not result as a direct consequence of errors, misrepresentations, or other deficiencies identified in the Foreclosure Review. Errors, misrepresentations, or other deficiencies means those matters discovered during the Foreclosure Review as set forth in Paragraphs 3(a)(i)-(vii) of the Consent Order. Errors include miscalculations of fees or other charges, where the total aggregate miscalculated fees or charges applied to the borrower exceeds \$99.00 (as outlined by the FRB in the August 29, 2011 "OCC and FRB Guidance - Financial Injury or Other Remediation" guidance).

As noted above, the Foreclosure Review will include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by SunTrust Mortgage, Inc. and brought in the name of SunTrust, the investor, the mortgage note holder, or MERS, that were pending at any time during the Review Period, as well as the residential foreclosure sales that occurred during the Review Period.

Accordingly, the foreclosure actions considered within the scope of the Foreclosure Review will relate to loans as defined within "certain residential foreclosure actions" for which SunTrust conducted a foreclosure action on its own behalf or under a servicing agreement for other investors.

The loan servicing system of record to be subject to the Foreclosure Review discussed herein is [REDACTED]. Data on loans subject to the Foreclosure Review will include data and information from the [REDACTED] Foreclosure [REDACTED], Loss Mitigation [REDACTED], Bankruptcy [REDACTED], borrower payment history, corporate advance and other fee data, large charge assessment history, third party vendor law firm files, and manual and automated notes prepared during collections, bankruptcy, loss mitigation, and foreclosure activities.

Imaged copies of SunTrust documents for loans subject to the foreclosure evaluation such as the mortgage document, promissory note (and related assignments and allonges), and loss mitigation documents may be analyzed. In addition, legal files maintained by SunTrust vendor foreclosure attorneys containing relevant notices, court filings, affidavits, and judgments may also be analyzed.

SunTrust collections, loss mitigation, bankruptcy, and foreclosure workflow, policy, procedural, and process documentation may also be analyzed.

For purposes of the Foreclosure Review, in addition to the sampling methodology, Foreclosure Review consulting Services and reporting considerations further described herein, we anticipate performing various



other consulting Services, including but not limited to, interviewing SunTrust employees as well as third parties which may have worked on behalf of SunTrust, accessing files that support information included within the loan servicing systems of record, and reading SunTrust's policies and procedures, departmental flows and/or other information relevant to the foreclosure processes. Specifically, the Services to be provided in relation to the Foreclosure Review may include, but not be limited to, the following:

- analysis of mortgage industry foreclosure-related issues and results of SunTrust management self-identified foreclosure-related issues;
- analysis of SunTrust internal audit reports, Horizontal Foreclosure Examination findings, and independent consultant reviews of SunTrust foreclosure activities;
- interviews with SunTrust subject matter experts regarding SunTrust's loss mitigation activities;
- analysis of SunTrust's proprietary loss mitigation / loan modification evaluation tools to understand the general functionalities and applicability to loss mitigation / loan modification processes;
- analysis of SunTrust's loan servicing systems of records to understand functionality (such as documentation management and borrower payment processing), applicability to SunTrust proprietary workflows, and loan servicing system notes;
- interviews with SunTrust subject matter experts in default management to understand processes and workflows in the handling of foreclosures;
- interviews with SunTrust foreclosure data resources to understand the composition of foreclosure files, processes, and parameters used to create the files;
- interviews with the applicable SunTrust employees to understand the customer complaint process related to foreclosure actions during the Review Period , both pre- and post-Consent Order issuance date; and,
- follow-up interviews as necessary to resolve questions uncovered during the Foreclosure Review.

#### *Foreclosure Review Approach Overview*

The Foreclosure Review will include residential foreclosure actions or proceedings (including foreclosures that were in process or completed) for loans serviced by SunTrust Mortgage and brought in the name of SunTrust, the investor, the mortgage note holder, or MERS, that were pending at any time during the Review Period, as well as the residential foreclosure sales that occurred during the Review Period.

From this Foreclosure Review population, PwC will select a sample of foreclosure actions that is designed to increase the likelihood of identifying cases where a borrower or investor suffered financial injury as a result of errors, misrepresentations, or other deficiencies. PwC will perform an assessment of applicable Foreclosure Review criteria for each foreclosure action in sample. Note that in some cases, foreclosure actions selected for the sample will be assessed for all seven criteria while in other cases sample foreclosure actions will be assessed for a sub-set of the seven criteria. PwC will analyze potential errors, misrepresentations, or deficiencies identified in sample to determine if evaluation is needed on additional foreclosure actions. Typically, PwC plans to perform file review procedures for the *relevant* paragraph 3(a) criteria. The facts and circumstances that make a foreclosure review case a higher risk for servicer errors, deficiencies, or misrepresentations leading to financial harm related to a *specific* criteria do not necessarily make it higher risk for financial harm for *all other* criteria. For example, if a borrower filed a complaint about a denied loan modification request, it is reasonable to evaluate the two criteria related to loss mitigation/loss modification



rather than reviewing all seven criteria. Based on our initial review of a sample of complaints, in most cases, there is nothing to indicate in the specific complaint that the loan is at higher risk of a potential servicer error, deficiency, or misrepresentation in other foreclosure activities (i.e., other paragraph 3(a) criteria) and the review of other criteria would not improve the likelihood of uncovering harm.

Other segments in the foreclosure review population (such as the base sample of and general complaints) will be used to review all criteria in paragraph 3(a) to identify potential cases of servicer error, deficiency, or misrepresentation. If errors are identified in the base sample or general complaints, these will be discussed with the FRB to determine next steps for identifying cases that share similar attributes as the errors noted for expanded sampling or 100% review.

In addition PwC and the independent legal consultant will analyze complaints received by SunTrust from borrowers who believe they have been financially harmed as a result of errors, misrepresentations, or other deficiencies.

#### *Submission and Evaluation of Post-Consent Order Complaints*

Subsequent to the issuance of the Consent Order, the FRB has provided additional guidance to SunTrust requiring a process for submission and review of borrower claims and complaints related to foreclosures during the Review Period. The FRB has provided guidance regarding a borrower outreach process for complaints to be established related to foreclosure actions initiated, pending or completed in 2009 or 2010. The process of submission and evaluation of borrower complaints as well as the borrower outreach process is to be established by SunTrust and meet the objectives set forth in the guidance provided by the FRB.

SunTrust has also been instructed by the regulator to participate in an approach to the borrower outreach and complaint intake process that is coordinated amongst the other servicers that are subject to the Consent Order ("Coordinated Approach"). The Coordinated Approach is being designed by these servicers, and is meant to provide consistency in design and execution of outreach and intake. The Coordinated Approach includes certain processes that will be executed by a common vendor on behalf of all servicers, and other processes that are to be executed by each servicer's respective vendor, but in a consistent manner.

The independent consultant's role is to advise on the type of process that SunTrust may use for the borrower outreach complaint process and the related ongoing quality control and oversight processes designed to meet the objectives of the FRB's guidance, using the Advisory Process (as defined below). Specifically, the independent consultant is responsible for (i) advising on the development of the Coordinated Approach together with SunTrust, (ii) advising on the development of SunTrust-specific implementation of the Coordinated Approach and the aspects of the complaint process that are not covered by the Coordinated Approach, (iii) executing certain procedures to assess the bank's and the bank's vendors' execution of the outreach and intake processes, and (iv) incorporating all applicable complaints into the Foreclosure Review. The independent consultant will also provide observations and recommendations to SunTrust and the FRB designed to achieve the objectives of the notification process.

Pursuant to the FRB's guidance, the Foreclosure Review must include (i) all complaints received through the borrower outreach process established per this guidance, and (ii) complaints received from borrowers through any channel (e.g., directly by SunTrust, attorneys general, state banking agencies and all other regulatory agencies) since April 13, 2011, that are regarding residential mortgage foreclosure actions that were initiated, pending, or completed in 2009 or 2010. Complaints for borrowers in active litigation must be included if they are otherwise in-scope. All in-scope complaints received through the borrower outreach process, from the launch of the outreach (with a launch target date no later than November 1, 2011) to the cut-off date (120 calendar days from the launch date), will be subjected to the Foreclosure Review.





The borrower outreach process is expected by the FRB to be a distinct, separate process from SunTrust's existing customer service channel. SunTrust will employ a vendor ("Complaint Intake Vendor") to assist with portions of the intake process, in line with the Coordinated Approach. The Complaint Intake Vendor will be engaged by and work at the direction of SunTrust. PwC will have no contractual relationship with the Complaint Intake Vendor. All complaints received through the borrower outreach process will be logged by the Complaint Intake Vendor. Complaints filed through the borrower outreach process cannot be excluded from remedies provided by the Foreclosure Review unless a determination is made that the complaint is not in-scope, a process which will be subject to a review by the independent consultant as further discussed below. The independent consultant will obtain from SunTrust and analyze a report which tracks the nature and resolution of each complaint received and periodically report data to the appropriate regulatory agency regarding (i) complaints received through the borrower outreach process, (ii) exclusions of complaints from the Foreclosure Review and the reason for exclusion, (iii) resolution of the complaint, and (iv) other data as further described herein.

The general framework for the complaint process is outlined below:

- Loan Population - SunTrust will be responsible for identifying the loans that are responsive to the Consent Order and providing a detailed description of the process used to gather the data. PwC will understand the process used by SunTrust to gather data related to such loans, and will perform procedures designed to evaluate that process.
- Notification Process / Borrower Communications
  - In conjunction with the other servicers, SunTrust will design, develop and execute the Coordinated Approach to notify the borrowers associated with the loans identified as responsive to the Consent Order of their opportunity to submit a complaint and the process for doing so. At a minimum, this effort will include (1) direct mail to the best available address for the borrowers, (2) address tracing and re-mailing to those borrowers for whom mail is returned, (3) thorough tracing and reporting of all efforts used to reach borrowers, (4) public advertising of the complaint process, to potentially reach those borrowers who are not reachable through other means, and (5) through the use of internet websites.
  - With respect to direct mail, the FRB's current guidelines are as follows: (1) mail notifications will be subject to review by the FRB, (2), the FRB will contact state attorney generals, the Department of Justice, and other federal regulatory agencies and invite them to identify borrowers who filed a complaint with their office during the in-scope time period, and to submit any of those complaints for review and consideration as appropriate, and (3) SunTrust will conduct outreach to neighbourhood and not-for-profit groups so that they may educate their constituents of the borrower complaint process. Direct mailings will be conducted by the Complaint Intake Vendor in accordance with the schedule and process outlined by the Coordinated Approach.
  - With respect to advertisements, the FRB's guidelines are that the advertising will be included in (1) national newspapers and/or prominent publications and (2) selected local newspapers based on geographical concentration of relevant borrowers. Advertisements will be designed and distributed in accordance with the schedule and process outlined by the Coordinated Approach.
  - With respect to the internet channel and/or other advertising related matters, the FRB's current guidelines include the following: (1) a dedicated post office box to receive mailed responses from borrowers, (2) a dedicated website within SunTrust's website domain where borrowers can submit a claim on-line; the website will contain information and processes for submission of complaints electronically with email acknowledgement of receipt of the complaint, (3) outreach programs through the internet, including email addresses, (4) consideration of the use of social media or social networks to publicize the complaint process or to facilitate submission of a complaint, and (5) a dedicated toll free number to be used by borrowers with complaints. The Coordinated Approach will provide requirements for the website, and an approach for the call center. The website and call center will be hosted by the Complaint Intake Vendor.



- SunTrust anticipates that certain direct mail to in-scope borrowers could be returned if the borrower's mailing address was same as that of the related foreclosed property. Accordingly, a skip tracing process is expected to be put in place to handle returned mail and to trace the borrower's current address. It is required that a third party complaint administration vendor will execute this process. Related to return mail, the FRB has the expectation that (1) there will be a dedicated post office box for receiving returned mail, (2) the Complaint Intake Vendor will use skip tracing methods to identify the borrower's current address, and (3) multiple attempts will be made to locate and contact the borrower if communication is returned. SunTrust will utilize a skip tracing process to be designed as part of the Coordinated Approach.
- PwC will leverage the Advisory Process (as defined below) to assist in providing input on the design and development of the Coordinated Approach, SunTrust-specific implementation of the Coordinated Approach, and the aspects of the complaint process that are not covered by the Coordinated Approach, with respect to the notification process.
- The FRB's expectations with respect to the content of the notification material include at a minimum the following information: (1) why the borrower is being contacted, (2) how eligibility for the notification/contact was determined, (3) necessary information that SunTrust will need from the borrower upon response, (4) the channels available for the borrower to contact SunTrust, (5) the timeframe for filing a complaint with SunTrust and, (6) what to expect from the complaint process, including when to expect a response.
- Complaint Support and Intake Process
  - In conjunction with the other servicers, SunTrust will design, develop and execute the Coordinated Approach to receive the complaints relevant to the Foreclosure Review, using a Complaint Intake Vendor and SunTrust resources that are dedicated to this effort. At a minimum, this effort will include, (1) establishing the means for the borrowers to gain clarity about their ability to make a complaint via a website or mail, (2) providing a structured intake process that will allow the borrower to categorize the nature of the complaint and provide relevant information and documentation to support the complaint, (3) developing a plan for status reporting to those borrowers who make a complaint through this process, (4) providing complete tracking and reporting of all contact with borrowers relating to the Foreclosure Review effort, and (5) developing a means for all complaints received and supporting documents to be incorporated into the Foreclosure Review.
  - This process will use the services of the Complaint Intake Vendor to receive complaint submissions, document and store such complaints, filter the nature/extent of the complaints, forward/transfer the complaints to SunTrust for further analyses and a borrower follow-up process.
  - PwC will advise SunTrust regarding training with respect to the execution of the complaint intake process. This training would include assessment of, (1) key information to be collected, (2) information on the forwarding/transferring of in-scope complaints from the normal customer service process, and (3) relevant foreclosure complaint scripts, frequently asked questions and/or other materials.
  - SunTrust and the Complaint Intake Vendor will be responsible for executing the complaint intake process and providing updates and tracking to PwC, and conducting its own procedures to test the process. The intake process should provide a consistent set of questions to be answered by the borrowers including, but not limited to, (1) current contact information, (2) eligibility determination questions, (3) the specific nature of the complaint, and (4) identification of any previous complaints by the borrower, where applicable.
  - PwC will evaluate the complaint process, and will provide observations and recommendations to SunTrust and the FRB to achieve the objectives of the complaint process. This may include, (1) monitoring a judgmental sample of calls by the customer service representatives to assess the appropriate handling of complaints, and providing feedback to the customer services representative team, (2) assessing performance data such as call wait times and dropped calls to determine the





adequacy of technology resources and staffing levels, and (3) providing recommendations to update scripts and procedures as may be necessary for continued improvement of the complaint process.

- SunTrust will also direct the Complaint Intake Vendor to provide updates and tracking to PwC for purposes of PwC's analyses related to the Foreclosure Review.
- With respect to the complaint resolution process, all complaints will need to be logged, including out-of-scope complaints. For complaints received by the Complaint Intake Vendor, this vendor will forward all complaints to SunTrust. It is the responsibility of SunTrust to prepare the case file and conduct the initial review of the complaint. SunTrust will then forward the in-scope complaints, a report of SunTrust's findings and its proposed resolution to PwC for independent review. PwC's review will be independent of any review previously prepared by SunTrust. To the extent any immediate remedial action is required or desired by SunTrust, such actions make be taken subject to subsequent independent review by PwC and any additional requirements of the Foreclosure Review remediation plan approved by the FRB.
- If the nature of the borrower inquiry does not pertain to in-scope mortgages/foreclosures, such borrower contact will be transferred to SunTrust's existing customer service channels for review and resolution in accordance with existing SunTrust processes.
- SunTrust will be responsible for documenting and storing all complaints in a database that will be archived per SunTrust's existing policies, and a written acknowledgement is expected to be provided to the borrower, within seven (7) calendar days of the receipt of the complaint by the Complaint Intake Vendor.
- SunTrust will be responsible for conducting any follow-up with a borrower, as necessary. Effective receipt and handling of complaints will necessitate the Complaint Intake Vendor and SunTrust to develop program -specific training and scripting, technology configurations and other elements previously discussed herein. PwC will advise SunTrust regarding such matters as discussed herein.

- Response

- All complaints are to receive a written response from SunTrust within an appropriate timeframe to be determined. In the written response, borrowers will be provided information that outlines the results of the analysis and that addresses all issues contained within the complaint submitted by the borrower. If the result of SunTrust's analysis determines that remediation is required, the borrower will be informed of this in a written response and will state that a remediation is forthcoming within a specified time period following approval by the FRB.
- SunTrust and its Complaint Intake Vendor will be responsible for the infrastructure required to handle the complaints, and it is the FRB's expectation that the infrastructure would include, (1) configuration of call center technology, (2) a web form for complaints intake, and (3) a database to document complaints received. The FRB expects high complaint intake volumes and accordingly, the infrastructure should be prepared to handle such volumes.
- On a monthly basis, SunTrust must report internally and to the FRB, in a standardized format that includes loan level information and aggregate volume tracking, the following data points: (1) number of complaints received, (2) type or nature of complaints received, (3) number of complaints in-scope and out-of-scope, (4) number of complaints acknowledged, (5) number of complaints in process, (6) number of complaints not yet analyzed, (7) number of complaints responded to, (8) complaints disposition, (9) number of complaints requiring remediation, (10) number of complaints remediated, (11) aging reports as warranted/where applicable, and (12) a comments section to provide other pertinent information, as applicable.

- Incorporation of Written Complaints into the Foreclosure Review Process by the Independent Consultant

- For all complaints received meeting the aforementioned criteria, PwC will perform only the applicable Foreclosure Review procedure (i) - (vii) as described above that is specific to the nature of the borrower's complaint and evaluate only that specific Consent Order requirement where the



nature of the complaint is specific to a given Consent Order requirement. If the complaint is not specific and/or multiple Consent Order requirements are specified in the complaint, an assessment of Foreclosure Review procedures (i) - (vii) will be performed.

Any direct communication with the borrower will be conducted by SunTrust or its Complaint Intake Vendor.

Ancillary to the provision services described above, PwC will use the following "Advisory Process" to create the deliverables that will be used by SunTrust specific to the complaint process:

1. Where available, PwC will provide initial generic examples of the deliverable based on initial understanding of the objectives of the assignment.
2. PwC will meet with SunTrust management to discuss the sample deliverable or the expected content of the first draft of a deliverable where no sample exists, to firm up PwC's understanding of the objectives, and to discuss how the generic deliverable should be adjusted/drafted to make it SunTrust specific. In the discussions, PwC will utilize its experience and knowledge of leading practices to facilitate SunTrust management in making the decisions, determinations, etc. that SunTrust deems necessary for inclusion in the document.
3. Following these discussions, PwC will revise the generic document as agreed with SunTrust management, and/or create a first draft of a SunTrust-specific deliverable for SunTrust management to review.
4. SunTrust management will take the initial draft, and apply its in-house expertise and experience to either make those changes that they consider necessary or to provide comments/instructions to PwC regarding such changes to be made by PwC.
5. PwC will review the amended deliverable or SunTrust's comments/instructions and make observations/recommendations.
6. Based upon SunTrust management's decisions regarding PwC's observations/recommendations, PwC will incorporate changes into the document.
7. SunTrust management will decide on the final content, adopt the document as its own and approve/finalize.

#### *Sampling Methodology Overview*

Based on guidance provided by the FRB, we understand that the approach to the Foreclosure Review should include a two stage sampling approach that includes the following: a) risk-based samples that are associated with higher risk segments that directly relate to the primary objective of the Foreclosure Review - which is the identification and possible remediation of borrowers and mortgagees (investors) who may have incurred financial injury as a result of errors, misrepresentations, or other deficiencies associated with pending or completed foreclosures during the Review Period; and b) base samples that are representative of SunTrust's overall populations of mortgage loans subject to the Consent Order requirements that are determined based on general sampling methodologies commonly utilized, including the Office of the Comptroller of the Currency ("OCC") Comptroller's Handbook - Sampling Methodologies, August 1998 (the "Handbook").

In determining the sample segmentations for both the risk-based samples and base samples, we will consider input from the FRB and applicable information provided by SunTrust including internal reports or reviews that have identified issues, through litigation or other means, of errors, misrepresentations or other deficiencies, including in the preparation or submission of foreclosure documents, that have the potential to cause financial injury. This could include leveraging previously performed borrower reviews by SunTrust's independent internal audit, compliance or other internal risk management functions as well as any reviews



performed by external consultants, auditors and/or legal advisors, as applicable. PwC understands that the FRB may provide additional guidance to PwC and SunTrust on segmentation, sampling, or scope of evaluation for any existing or later determined risk segment. PwC will make its best efforts to meet the objectives of any such future guidance. Such future guidance may require an amendment to this agreement.

#### *Risk-Based Sample*

PwC will identify segments that are associated with potential higher risk of consumer financial harm. Foreclosure actions selected for evaluation in these segments will be targeted to increase the likelihood of identifying cases where a borrower could have suffered financial harm as a result of SunTrust errors, deficiencies, or misrepresentations. The table below provides a preliminary list of potential Foreclosure Review segments. Additional segmentation may be performed by PwC during the Foreclosure Review based on findings from assessing the foreclosure actions against the applicable Consent Order criteria. PwC may revise the proposed sample sizes for each segment during the Foreclosure Review based on preliminary findings.

#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
<b>OUTREACH COMPLAINTS SEGMENT</b>					
1	Claims and complaints submitted pursuant to process required by the Consent Order (i.e. advertised complaints intake process) for the period of November 1, 2011 to April 30, 2012.	6,000 (assuming ~10% response rate)	6,000 (assuming ~10% response rate)	Claims/complaints generally represent an allegation of potential financial injury with respect to a given foreclosure. Claims/complaints of financial injury as a result of foreclosure actions by SunTrust received through the complaint process will be treated as high risk and 100% coverage of these claims/complaints will be evaluated.	(i) through (vii) (as applicable)
<b>PRE-OUTREACH COMPLAINTS SEGMENTS<sup>1</sup></b>					
2	Claims and complaints related to completed foreclosures	225	225	Claims/complaints generally represent an allegation of potential financial injury with respect to a given foreclosure.	(i) through (vii)

<sup>1</sup> PwC will obtain borrower correspondence filed with SunTrust's Executive Services Organization from January 1, 2009 to October 31, 2011 (as of January 6, 2012 this includes 1,457 potential complaints). This inventory of pre-outreach complaints will include complaints referred to SunTrust by federal and state agencies. PwC will analyze each correspondence and supporting SunTrust documentation (such as servicing system notes and disposition letters) to determine if the correspondence is an in-scope borrower complaint related to foreclosure processing or loss mitigation (as opposed to other matters that don't appear to be an in-scope complaint such as an information request from a borrower interested in a loan modification or a complaint from a third party such as a real estate broker upset about a denied short sale transaction).





#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
	submitted to SunTrust, and received for the period April 13, 2011 to October 31, 2011			Claims/complaints of financial injury as a result of foreclosure actions by SunTrust will be treated as high risk and 100% coverage of these claims/complaints will be evaluated.	
3	Claims and complaints referred to SunTrust by federal or state agencies related to foreclosure activities	257	257	Customer complaints referred by state and federal agencies regarding foreclosure issues would be representative of higher risk items. Accordingly, 100% coverage of these instances will be reviewed as part of the Foreclosure Review activities.	(i) through (vii)
4	Claims and complaints related to completed foreclosures previously submitted to SunTrust, and received between January 1, 2009 and April 12, 2011.	415	415	Claims/complaints are a potential indicator that a borrower may have incurred a potential financial injury with respect to a given foreclosure. Accordingly, 100% coverage of these instances will be reviewed as part of the Foreclosure Review activities.	(i) through (vii)
<b>HIGH RISK BANKRUPTCY SEGMENT<sup>2</sup></b>					

<sup>2</sup> Given the size of the Foreclosure Review population, an automated search that uses batch processing for accessing PACER to obtain information is proposed instead of an individual PACER search. [REDACTED] automates the process of looking through the PACER case dockets for identifying key bankruptcy ("BK") events.

PwC has discussed with [REDACTED] how they would provide an automated batch processing solution for performing a PACER search and identifying borrower bankruptcy activity during the review period.

The [REDACTED] process would provide PwC with independently derived data to determine all relevant active BK periods from initiation of the BK proceeding (i.e., the filing date or reinstatement) to case resolution (i.e., termination, dismissal, discharge, case closing or relief from the stay). PwC would then be able use date logic to compare the dates of given BK case events obtained from [REDACTED] against dates representing foreclosure activity provided by SunTrust (i.e., foreclosure notices, demands, continuation of foreclosure proceedings or foreclosure sale dates) to determine whether any foreclosure activity took place during an active BK period or while an automatic stay was in effect. This search will be performed for all 60,316 in the Foreclosure Review population to identify potential high risk bankruptcy cases.

PwC will leverage an existing SunTrust mechanism to deliver a file to [REDACTED] and receive search results from them. SunTrust will prepare a [REDACTED] request file containing borrower and co-borrower information (i.e., social security



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
5	Bankruptcy cases where it appears that a foreclosure sale may have occurred prior to SunTrust receiving bankruptcy stay relief	37	37	<p>Foreclosures that were completed during a period in which there is an indication that the borrower may have been entitled to bankruptcy protection could indicate a potential violation of applicable state and/or federal laws, as will be determined by the independent legal consultant. Accordingly, the risk for potential financial injury is potentially higher and therefore, 100% coverage of these instances will be evaluated as part of the Foreclosure Review Services.</p> <p>Foreclosures which were in process and for which the foreclosure proceedings were ultimately stopped as a result of bankruptcy status/notice being provided to SunTrust as would be the expected servicing practice are not considered to be of a higher risk that would require further segmentation. Additionally, the bankruptcy status of each foreclosure initiation and sale is part of evaluation of the</p>	(i) through (vii)

number) for all loans in the Foreclosure Review population. PwC will validate the completeness of the population included in the file prior to transmission to [REDACTED]. Search results from [REDACTED] will be returned to SunTrust, who will then forward the results to PwC after redacting borrower/co-borrower social security numbers.

The BK analysis would be performed by PwC in two phases. The initial [REDACTED] inquiry for 60,316 loans would be the first step to determine whether the primary or any co-borrower for a particular loan was involved in bankruptcy proceedings during the Foreclosure Review period. This search would also identify any cases of multiple BKs filed by a borrower and would serve as an independent check of SunTrust servicing data as regards to identifying bankruptcy activity.

A second [REDACTED] search would then be performed by PwC on the BK activity loans that would capture other important events that would not be identified through the initial inquiry. This second process would capture all stay matters and any additional court orders or case events that either terminate or recommence the bankruptcy case and would allow PwC to analyze the BK activity in greater detail.



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				Consent Order requirements - including the bankruptcy status check - for all loans within the base sample.	
<b>HIGH RISK SERVICEMEMBERS CIVIL RELIEF ACT ("SCRA") SEGMENT<sup>3</sup></b>					
6	Servicemembers Civil Relief Act ("SCRA") cases	TBD	TBD	Foreclosures that have been completed that include an indication in SunTrust's records that the borrower may have been subject to SCRA could indicate a potential	(i) through (vii)

<sup>3</sup> Our review plan for SCRA is to individually test each of the loan files where a borrower or co-borrower is identified to be on active service duty. In addition, we plan to use Department of Defense ("DOD") information technology functionality that is under development to run the entire Foreclosure Review population up against the DOD data in a batch process to look for SCRA eligibility that might not have been appropriately flagged by SunTrust. The DOD has been contacted by the IC's as a group and we understand their plan is as follows:

The DOD has offered assistance in determining active military duty status in order to establish eligibility under SCRA. Specifically, the DOD has offered to provide a Yes/No indicator for activity military duty at time of loan origination and at foreclosure sale date for all 60,316 loans in the Foreclosure Review population. Additionally, the DOD would check for active military status 367 days prior to the foreclosure sale date. If active duty ended within that 367 day period, the actual end date would be provided. This would allow for verification that the foreclosure sale did not occur within nine months of the end of active military duty. Preliminarily, DOD would request the following data fields from the servicers:

- Unique ID (20 byte limit)
- SSN
- Date of Birth
- Last Name
- First Name
- Loan Origination Date
- Foreclosure Sale Date

As we understand it, the DOD currently has not committed to a date by which the batch process utility would be available. They would expect to create a batch submission utility, where each Consent Order bank would have a unique user ID and would submit the information in ASCII delimited format (for both borrowers and co-borrowers) through a secure FTP site. The information would then be returned in the same format with the Yes/No indicators for active military duty at loan origination and foreclosure sale, with the additional end of active duty date if it occurred within 367 days of the foreclosure sale for each loan in the 60,316 Foreclosure Review population.

We understand this is a common approach among the other Consent Order banks. PwC's approach in this area and the other IC's IT based approaches are dependent upon DOD timing and ability to create the batch look up functionality. The reason the extra batch process is being developed is that the existing DOD website and functionality does not go back far enough in time to cover the entire Review Period. The current DOD website provides only the most 367 days which would limit our ability to confirm or test active duty status for the earlier part of the Review Period.





#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				violation of applicable state and/or federal laws, as determined by the independent legal consultant. Accordingly, the risk for potential financial injury is magnified and therefore, 100% coverage of these instances will be evaluated as part of the Foreclosure Review Services.	
<b>LOAN MODIFICATION &amp; OTHER CONSUMER HARM SEGMENTS</b>					
7	Borrowers who were subject to a foreclosure action while their request to modify their mortgage was pending at the servicer without a decision at the time of the foreclosure action	875	875	<p>Foreclosures that have been completed where there is an indication that the borrower had requested a loan modification and the request may have been pending at the time of the foreclosure sale could raise a greater risk of potential financial injury.</p> <p>PwC will review loss mitigation servicing notes and imaged documents to determine if:</p> <ol style="list-style-type: none"> <li>1) a completed loan modification application (as evidenced by the inclusion in the borrower's loan file of the borrower's (a) W-2, (b) 4506-T, and (c) hardship affidavit) was received by SunTrust and no decision was made</li> <li>2) If loan modification is pending, did foreclosure sale occur</li> </ol>	(iv), (v), and (vi)
8	Borrowers who were subject to a foreclosure action when they were current on all required payments pursuant to an approved loan modification at the time of the foreclosure action.	403	403	<p>Borrowers subject to a foreclosure action when they were current on required payments pursuant to a trial or permanent loan modification at the time of the foreclosure action could represent a risk of financial injury.</p> <p>PwC will identify cases where a borrower was set up on a trial or permanent loan modification plan and a payment was made by the</p>	(iv), (v), and (vi)



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				borrower within 30 days of referral to attorney or foreclosure sale.	
9	Foreclosure sales where it appears that a loan modification/loss mitigation request was approved by SunTrust or borrower had loan modification/loss mitigation agreement that has been signed and received by SunTrust.	318	318	<p>Foreclosures that have been completed where there is an indication that the SunTrust and borrower had signed loan modification or loss mitigation agreement raise a greater risk of potential financial injury.</p> <p>Note that verification that the foreclosure sale did not occur while loss mitigation or loan modification was under consideration will be performed for all loans in the base sample.</p>	(i) through (vii) (as applicable) with a primary focus on (iv) (to assess if a foreclosure sale occurred when loss mitigation was request was approved by SunTrust) and (vii)
10	Denied GSE trial loan modification requests on completed foreclosures actions	<p>2,097 (Where: 969 are High Risk)</p> <p>1078 are Medium Risk - Incomplete Documentation or Borrower Decision</p> <p>22 are Medium Risk - Loss Mitigation Alternative</p> <p>28 are Low Risk)</p>	<p>1,091 (Where: 969 are High Risk)</p> <p>100 are Medium Risk - Incomplete Documentation or Borrower Decision</p> <p>22 are Medium Risk - Loss Mitigation Alternative)</p>	<p>Completed foreclosure actions where a borrower requested a GSE loan modification that was denied by SunTrust could represent a risk of financial injury if the loan GSE modification request was not handled appropriately and/or the final decision made by SunTrust was not made on a reasoned basis.</p> <p>Note that the evaluation of compliance with GSE loan modification requirements will be performed for all loans in the base sample.</p> <p>PwC will categorize GSE trial modification denial reasons into four categories:</p> <p>1) <u>High Risk</u> - SunTrust made a decision to deny the loan modification and the borrower provided all required information for the loan modification application to SunTrust  <i>Evaluation Approach: Select 100% of high risk</i></p>	(i) through (vii) (as applicable) with a primary focus on (iv) (to assess if foreclosure sale occurred when loss mitigation was requested or under consideration by SunTrust) and (vi) (to assess if loss mitigation activities related to foreclosed loans were handled in accordance with applicable GSE/proprietary loan modification/loss mitigation



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				<p><i>population</i></p> <p>2) <u>Medium Risk - Incomplete Documentation or Borrower Decision</u> - SunTrust made a decision to deny the loan modification because the borrower did not provide the required documentation, the loan modification request was withdrawn by borrower, or the modification terms were not accepted by the borrower.  <i>Evaluation Approach: select a sample of 100 cases</i></p> <p>3) <u>Medium Risk - Loss Mitigation Alternative</u> - SunTrust made a decision to deny the modification because a loss mitigation alternative (i.e., short sale, deed-in-lieu, or special forbearance) was provided to the borrower.  <i>Evaluation Approach: select a sample of 100 cases</i></p> <p>4) <u>Low Risk</u> - SunTrust did not make the denial decision because the loan modification request was denied by an investor.  <i>Evaluation Approach: none of these cases will be selected</i></p>	programs) and (vii)
11	Failed GSE trial loan modification on completed foreclosure actions	310 (Where: 83 are High Risk  215 are Medium Risk - Incomplete	187 (Where: 83 are High Risk  100 are Medium Risk - Incomplete Documenta	Completed foreclosure actions where a borrower failed a GSE loan modification through re-default during the trial period could represent a risk of financial injury if the borrower payments were not applied correctly (i.e., were still in suspense at the time of the foreclosure sale) by SunTrust	(iv) (assess if foreclosure sale occurred when loss mitigation was requested or under consideration by SunTrust)





#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
		<p>Documentation or Borrower Decision</p> <p>4 are Medium Risk - Loss Mitigation Alternative</p> <p>8 are Low Risk)</p>	<p>tion or Borrower Decision</p> <p>4 are Medium Risk - Loss Mitigation Alternative)</p>	<p>or other errors were made by SunTrust related to the trial modification during the trial period. A targeted sample will be selected with emphasis on cases where the foreclosure sale proceeds exceed the amount the borrower owed.</p> <p>Note that the evaluation of compliance with GSE loan modification requirements will be performed for all loans in the base sample.</p> <p>PwC will categorize GSE trial modification failure reasons into four categories:</p> <p>1) <u>High Risk</u> - SunTrust made a decision that the borrower failed to meet the terms of the loan modification during the trial period and the borrower provided all required information for the loan modification application to SunTrust <i>Evaluation Approach: Select 100% of high risk population</i></p> <p>2) <u>Medium Risk - Incomplete Documentation or Borrower Decision</u> - SunTrust made a decision to fail the loan modification because the borrower did not provide the required documentation, the loan modification request was withdrawn by borrower, or the modification terms were not accepted by the borrower. <i>Evaluation Approach: select a sample of 100 cases</i></p>	<p>(vi) (assess if loss mitigation activities related to foreclosed loans were handled in accordance with applicable GSE/proprietary loan modification/loss mitigation programs</p>



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				<p>3) <u>Medium Risk - Loss Mitigation Alternative</u> - SunTrust made a decision to fail the modification because a loss mitigation alternative (i.e., short sale, deed-in-lieu, or special forbearance) was provided to the borrower. <i>Evaluation Approach: select a sample of 100 cases</i></p> <p>4) <u>Low Risk</u> - SunTrust did not make the fail decision because the loan modification request was denied by an investor. <i>Evaluation Approach: none of these cases will be selected</i></p>	
12	Denied SunTrust proprietary loan modification requests	<p>302 (Where: 143 are High Risk 146 are Medium Risk - Incomplete Documentation or Borrower Decision 3 are Medium Risk - Loss Mitigation Alternative 8 are Low Risk)</p>	<p>246 (Where: 143 are High Risk 100 are Medium Risk - Incomplete Documentation or Borrower Decision 3 are Medium Risk - Loss Mitigation Alternative)</p>	<p>Completed foreclosure actions where a borrower requested a proprietary SunTrust loan modification that was denied by SunTrust could represent a risk of financial injury if the loan modification request was not handled appropriately and/or the final decision made by SunTrust was not made on a reasoned basis. A targeted sample will be selected with emphasis on cases where the foreclosure sale proceeds exceed the amount the borrower owed.</p> <p>PwC will categorize proprietary modification denial reasons into four categories:</p> <p>1) <u>High Risk</u> - SunTrust made a decision to deny the loan modification and the borrower provided all required information for the loan modification application to SunTrust</p>	<p>(iv) (assess if foreclosure sale occurred when loss mitigation was requested or under consideration by SunTrust)</p> <p>(vi) (assess if loss mitigation activities related to foreclosed loans were handled in accordance with applicable GSE/proprietary loan modification/loss mitigation programs)</p>



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				<p><i>Evaluation Approach: Select 100% of high risk population</i></p> <p>2) <u>Medium Risk - Incomplete Documentation or Borrower Decision</u> - SunTrust made a decision to deny the loan modification because the borrower did not provide the required documentation, the loan modification request was withdrawn by borrower, or the modification terms were not accepted by the borrower.</p> <p><i>Evaluation Approach: select a sample of 100 cases</i></p> <p>3) <u>Medium Risk - Loss Mitigation Alternative</u> - SunTrust made a decision to deny the modification because a loss mitigation alternative (i.e., short sale, deed-in-lieu, or special forbearance) was provided to the borrower.</p> <p><i>Evaluation Approach: select a sample of 100 cases</i></p> <p>4) <u>Low Risk</u> - SunTrust did not make the denial decision because the loan modification request was denied by an investor.</p> <p><i>Evaluation Approach: none of these cases will be selected</i></p>	
13	Failed SunTrust proprietary loan modification	N/A	N/A	Given that SunTrust proprietary modifications do not have a trial period (borrowers are granted a permanent modification), this segment is no longer applicable.	N/A



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
14	Foreclosure sales where it appears that a borrower was less than 120 days past due at the time of foreclosure action	39	39	<p>Foreclosures that have been completed where there is an indication that the foreclosure sale occurred even though a borrower was not considered in default for a sufficient period of time (less than 120 days past due) to authorize foreclosure according to state-level requirements could raise a greater risk of potential financial injury.</p> <p>Note that verification that the foreclosure sale was authorized pursuant to state laws and loan documents will be performed for all loans in the base sample.</p>	(i) through (vii) (as applicable)
<b>SERVICER PROCESSING SEGMENTS</b>					
15	"Rescinded" foreclosures	890	200 (100 randomly selected cases for each of the following categories: A) rescissions noted in [REDACTED] as per STM policies B) potential rescissions identified using data analysis)	<p>Note that [REDACTED] does not have a [REDACTED] rescinded foreclosure indicator. Potential cases of rescinded foreclosures were identified using the following approach:</p> <p>A) Rescissions noted in [REDACTED] as per STM policies during 2009-10. Examples include - i) Foreclosure Step codes in [REDACTED] indicating rescission, ii) Foreclosure Comment Codes in [REDACTED] indicating rescission</p> <p>B) Potential rescissions identified using data analysis. Examples include - i) borrower made a payment subsequent to the foreclosure sale date, ii) there is evidence of additional foreclosure actions by SunTrust subsequent to the foreclosure sale date, iii) foreclosure action during bankruptcy stay period, iv) Analysis of [REDACTED] Notes where [REDACTED] resulted in variants of "rescind, rescission" were found, or v)</p>	<p>ii) All applicable laws (analysis of foreclosure procedures in accordance with state &amp; federal law)</p> <p>(iv) (assess if foreclosure sale occurred when loss mitigation was requested by the SunTrust)</p> <p>(vii) (whether errors, misrepresentations or other deficiencies identified borrower harm)</p>



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				<p>UPB reduced to zero due to foreclosure sale and then reinstated subsequently.</p> <p>Note that the evaluation of fees and penalties charged to a delinquent borrower that were not permissible under the terms of the borrower's loan documents, state or federal law, or were "otherwise unreasonable" will be performed for all loans in the base sample.</p>	
16	<p>[REDACTED]: Foreclosure law firm that had been delisted by at least one of the GSEs</p>	371	100	<p>PwC has identified the foreclosure law firms that have been delisted by the GSEs due to deficiencies.</p> <p>There may be a risk of potential financial injury if a vendor law firm demonstrated deficiencies in preparation and execution of foreclosure documents.</p> <p>According to SunTrust management, SunTrust executed loan documents and loan assignments related to foreclosure activities. In addition, according to SunTrust management, SunTrust prepared the figures appearing in the Affidavit of Indebtedness. The Horizontal Foreclosure Examination noted that supporting documentation for foreclosure documents such as the Affidavit of Indebtedness was not properly included in the foreclosure files.</p> <p>Accordingly, as part of the Foreclosure Review Services, a targeted sample will be selected with emphasis on cases where the foreclosure</p>	(i) through (vii) (as applicable)



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				sale proceeds exceed the amount the borrower owed.	
17	Law Offices of [REDACTED]: Foreclosure law firm that had been delisted by at least one of the GSEs	187	100	<p>PwC has identified the foreclosure law firms that have been delisted by the GSEs due to deficiencies</p> <p>There may be a risk of potential financial injury if a vendor law firm demonstrated deficiencies in preparation and execution of foreclosure documents.</p> <p>According to SunTrust management, SunTrust executed loan documents and loan assignments related to foreclosure activities. In addition, according to SunTrust management, SunTrust prepared the figures appearing in the Affidavit of Indebtedness. The Horizontal Foreclosure Examination noted that supporting documentation for foreclosure documents such as the Affidavit of Indebtedness was not properly included in the foreclosure files.</p> <p>Accordingly, as part of the Foreclosure Review Services, a targeted sample will be selected with emphasis on cases where the foreclosure sale proceeds exceed the amount the borrower owed.</p>	(i) through (vii) (as applicable)
18	[REDACTED]: Foreclosure law firm that had been delisted by Freddie Mac	8	8	<p>PwC noted that the law firm of [REDACTED] had been delisted by Freddie Mac (but not Fannie Mae). PwC will analyze the foreclosure cases handled by [REDACTED] where Freddie Mac was the guarantor or investor.</p>	(i) through (vii) (as applicable)



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				<p>There may be a risk of potential financial injury if a vendor law firm demonstrated deficiencies in preparation and execution of foreclosure documents.</p> <p>According to SunTrust management, SunTrust executed loan documents and loan assignments related to foreclosure activities. In addition, according to SunTrust management, SunTrust prepared the figures appearing in the Affidavit of Indebtedness. The Horizontal Foreclosure Examination noted that supporting documentation for foreclosure documents such as the Affidavit of Indebtedness was not properly included in the foreclosure files.</p> <p>Accordingly, as part of the Foreclosure Review Services, a targeted sample will be selected with emphasis on cases where the foreclosure sale proceeds exceed the amount the borrower owed.</p>	
19	<p>██████████: Foreclosure law firm that had been delisted by SunTrust</p>	1,214	100	<p>PwC has identified the foreclosure law firms that SunTrust discontinued using during the Review Period due to concerns around quality of foreclosure activity by the firm (excluding those Firms delisted by the GSEs).</p> <p>There may be a risk of potential financial injury if a vendor law firm demonstrated deficiencies in preparation and execution of foreclosure documents.</p> <p>Accordingly, as part of the</p>	(i) through (vii) (as applicable)





#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				Foreclosure Review service, a targeted sample will be selected with emphasis on cases where the foreclosure sale proceeds exceed the amount the borrower owed.	
20	██████████: Foreclosure law firm that had been delisted by Freddie Mac	47	47	<p>PwC noted that in March 2011, the law firm of ██████████ had been delisted by Freddie Mac (but not Fannie Mae). PwC will analyze the foreclosure cases handled by ██████████ where Freddie Mac was the guarantor or investor.</p> <p>There may be a risk of potential financial injury if a vendor law firm demonstrated deficiencies in preparation and execution of foreclosure documents.</p> <p>According to SunTrust management, SunTrust executed loan documents and loan assignments related to foreclosure activities. In addition, according to SunTrust management, SunTrust prepared the figures appearing in the Affidavit of Indebtedness. The Horizontal Foreclosure Examination noted that supporting documentation for foreclosure documents such as the Affidavit of Indebtedness was not properly included in the foreclosure files.</p> <p>Accordingly, as part of the Foreclosure Review Services, a targeted sample will be selected with emphasis on cases where the foreclosure sale proceeds exceed the amount the borrower owed.</p>	(i) through (vii) (as applicable)



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
21	Large volume foreclosure firms resulting in foreclosure sales	9,281	100	<p>PwC has selected the five largest law firms used by SunTrust during 2009-2010 for foreclosure actions (excluding delisted law firms). These law firms include:</p> <ul style="list-style-type: none"> <li>• [REDACTED]</li> <li>• [REDACTED]</li> <li>• [REDACTED]</li> <li>• [REDACTED]</li> <li>• [REDACTED]</li> </ul> <p>Accordingly, the Foreclosure Review Services will include a risk segment whereby a list of all loans for each large volume law firm will be identified and a targeted sample selected for evaluation.</p>	(i) through (vii) (as applicable)
22	Completed foreclosure actions in cases where the property value exceeds the unpaid principal balance plus interest (according to foreclosure judgment)	N/A	N/A	<p>Completed foreclosures resulting in foreclosure sale where the property value exceeds the unpaid principal balance plus interest represent a risk of financial harm if fees and penalties collected are "otherwise unreasonable" as defined in the Consent Order.</p> <p>A reliable methodology for precisely determining the value of the property at the time of foreclosure sale has not been found and therefore no loans will be selected for this segment.</p>	N/A
23	Foreclosure cases where SunTrust collected on a deficiency judgment against a borrower	N/A	N/A	<p>According to SunTrust management, deficiency judgments against borrowers were collected only in cases where SunTrust had reason to believe the borrower either had the capacity to make mortgage payments or had a</p>	N/A



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				significant amount of assets. Matters in which SunTrust pursued or collected a deficiency judgment from a borrower are at greater risk of potential financial injury as defined by the Consent Order in the event of a SunTrust error, misrepresentation, or deficiency. According to SunTrust management, no deficiencies judgments against borrowers were collected in cases of foreclosure actions on owner-occupied residential properties.	
24	Pyramiding fees - fees assessed prior to delinquency precipitating foreclosure	N/A	N/A	Based upon preliminary analysis of certain foreclosure files and inquiries of SunTrust personnel, it appears that SunTrust loan documents and collection practices do not provide for "pyramiding fees" and no such fees were assessed or collected. Further, the permissibility and reasonableness of fees is part of the evaluation of the Consent Order requirements for other risk-based samples be subjected to the evaluation of all of the Consent Order requirements (i) - (vii). Accordingly, there will be no higher risk segment related to "pyramiding fees" for purposes of the Foreclosure Review activities	N/A
25	Other third party vendors	N/A	N/A	Through inquiries of SunTrust personnel, there are no other third party vendors of SunTrust that have significant roles within the foreclosure process beyond the foreclosure attorneys discussed above. Accordingly, the inclusion of a separate higher risk segment for miscellaneous other third party vendors is not	N/A



#	Potential Higher Risk Segmentations	Estimated Population Size	Estimated Sample Size	Basis for Higher Risk Segmentation Approach	Relevant Consent Order Criteria
				considered necessary.	
	<b>Total</b>	<b>*23,276</b>	<b>*10,748</b>		

\*Note: Total population and sample amounts (particularly in 100% coverage segments) may include duplicates which will be eliminated in final segmentation population and risk-based sample.

#### *Base Sample*

The sampling methodology to be utilized for the base sample will conform to the guidance provided in the Handbook. Statistical sampling, specifically numerical sampling, will be utilized to determine adherence to each of the requirements set forth in the Consent Order. Pursuant to the Handbook, with numerical sampling, each item in a given population is equally likely to be drawn and the population to be sampled is defined by the number of items. Numerical sampling is used to reveal the presence (or absence) of a defined characteristic in a portfolio of items with similar characteristics.

As further discussed in the Handbook, in numerical sampling, a precision limit is set by deciding how many differences can be tolerated in the sample population; the more differences that can be tolerated, the higher the precision limit should be. Reliability is the level of confidence in sample results. Selecting a reliability level affects the size of a sample with the higher the reliability level, the greater the number of items within the sample population to be evaluated.

Based on the guidance contained within the Handbook as well as communications from the FRB, the sample sizes to be utilized for assessing the requirements set forth in the Consent Order will be determined assuming a precision level of 3% and a reliability level of 95% for each applicable population. Accordingly, the related sample size for each population must be at least 100 items.

We understand through discussions with SunTrust as well as directions provided by the FRB, that there is a desired coverage across all states where SunTrust has initiated and/or completed foreclosure sales during the Review Period. As such, from a sampling perspective and as part of the base sample determinations as further discussed below, there will be a minimum of five sample items selected per applicable states in total across all populations. This sampling approach will result in sample sizes for certain the Consent Order requirements being in excess of the minimum sample size of 100 per population as it relates to the base sample determinations.

The populations for each of the Consent Order requirements that will be subject to sampling - including both the base sample populations as well as the additional risk-based segmentations - are further described above in the *Risk-Based Sample* section. A random sample generator process will be utilized for purposes of selecting the base samples, including but not limited to the five sample items per applicable states. Additionally, as it relates to the base sample, all of the Consent Order requirements (as included below) will be evaluated as part of the Foreclosure Review Services.

Pursuant to the Handbook, if no differences are found in the initial sample results, the desired statistical reliability and precision levels has been attained and typically, no further evaluation is warranted. When differences are found, further analysis is typically performed to evaluate the differences, including but not





limited to the root causes of the differences and whether the differences are isolated occurrences or are reflective of any patterns and/or practices. Given the aforementioned precision level of 3% and a reliability level of 95% for each of the populations, typically the existence of one difference would indicate that the original reliability and precision levels are no longer valid.

In evaluating the initial sample results associated with each of the Consent Order requirements, certain base assumptions will guide the overall evaluation of any preliminary observations - including but not limited to the following:

- If the observation was not an objective divergence from the requirements of applicable state and/or federal law as determined by the independent legal consultant, the observation will not be labeled as a difference.
- Any observations that are determined to be differences will be evaluated to determine whether there are any underlying systemic themes and/or causes associated with the observations (including, but not limited to multiple observations associated with a particular mortgage product type, multiple observations associated with a particular foreclosure attorney or employee, multiple observations associated with respect to a particular state and/or related state-specific fees/penalties, etc.).

To the extent there are any common characteristics and/or attributes of the initial difference(s), an additional sample may be selected and evaluated related to the corresponding population of loans with those specific characteristics/attributes identified to determine whether there is a pervasive observation with respect to that population of loans for which specific remediation plans should be determined and put in place. Another alternative would be to perform additional sampling on the population of all items exclusive of the subset of loans with the aforementioned specific characteristics/attributes identified in the initial sample as a means of trying to further isolate the existence of difference(s) to that subset only.

The approach to be taken for any additional samples will be based on individual facts and circumstances associated with the results of the initial sample. Prior to initiating a subsequent sample selection, we will discuss the applicable facts and circumstances with the FRB as well as will inform SunTrust of the results of such discussions and any recommended additional sampling procedures, as applicable. For any additional samples performed for a given Consent Order requirement, the same precision level (3%) and reliability level (95%) may be utilized or 100% coverage may be considered based on the particular facts and circumstances of the initial sample results. Additionally, while the Foreclosure Review Services for all of the initial base sample determinations and risk-based sample determinations will include an evaluation of all of the Consent Order requirements, any additional sampling work will be focused solely on the particular attribute(s) and/or specific Consent Order requirement(s) for which differences were identified in the initial samples and will not include an evaluation of all of the Consent Order requirements.

All observations that are determined to be differences will be reported as such, regardless of the dollar amounts involved. All differences will be further labeled to indicate whether the differences represented errors, misrepresentations, or other deficiencies resulting in financial injury to the borrower or mortgagee or did not result in such financial injury (i.e., SunTrust absorbed any associated financial injury).

The basis for the base sample selections and the overall number of sample items for each Consent Order requirement is summarized as follows:

- 100 judicial foreclosure initiations;
- 100 non-judicial foreclosure initiations; and
- 100 foreclosure sales.



Given the overlap between the population of judicial foreclosure initiations and non-judicial foreclosure initiations with the population of foreclosure sales, the aggregate sample for these three populations will consist of 204 sample items. Additional selections will be made, as applicable, to ensure that the base sample of foreclosure actions includes a minimum of 5 selections per state and the District of Columbia. This will result in a base sample size of 358 loans for the Foreclosure Review. The Consent Order requirements (i) - (vii) will be performed for each loan in the base sample.

#### *Data Quality Assessment*

As noted herein, SunTrust is responsible for the accuracy of the Foreclosure Review population and the underlying data provided for segmentation and/or evaluation. However, as described below, PwC will perform certain analytics or other data quality assessments to perform limited assessments of the completeness and/or accuracy of data.

- With respect to the Foreclosure Review population or other segmentation populations provided by SunTrust, PwC will:
  - obtain an understanding of the queries and logic utilized by SunTrust;
  - in certain cases re-perform the queries performed;
  - analyze the risk-based segment population data for full inclusion in the Foreclosure Review population;
  - perform other procedures based upon unexpected or incompatible data attributes; and/or
  - reconcile the Foreclosure Review population to other foreclosure-related management reporting provided by SunTrust to FRB during the Review Period.
- As the risk-based segments are identified primarily on data attributes provided by SunTrust, we will assess the key data attributes utilized for risk-based segmentation and screening to available source documentation. As instructed by the FRB, this assessment will be based upon a random sample of 60 loans from our base samples (20 from each of the three base sample segments as notated above). Approximately 30 data attributes will be tested, these attributes were utilized to determine the foreclosure review population and risk-based segment.
- Given the importance and sensitivity of risk-based segments related to potential SCRA protection, we will attempt to assess the SCRA status (including loans with no SCRA indication) against available third party records of military service. Our understanding is that the available third party data source(s) have limited history which may limit the ability to fully assess this data attribute without additional data provided by the Department of Defense. PwC is working with the Department of Defense to obtain information that may assist in the identification of additional borrowers who may not have been covered by SCRA protection but we make no representations as to the final outcome of this effort.
- Given the importance and sensitivity of risk-based segments related to potential bankruptcy protections, we will assess certain bankruptcy related data fields for all loans in the base sample (including loans with no bankruptcy indication) to third party tracking of bankruptcy activities (e.g. PACER).

Data quality assessment procedures may be expanded if data issues are identified while performing the data quality procedures described above or during our foreclosure evaluation procedures.

#### *Key Consent Order Definitions*

The FRB and Office of the Controller of the Currency ("OCC") has issued guidance (*OCC and FRB Guidance - Financial Injury or Other Remediation (dated August 29, 2011)*) that includes, but is not necessarily limited to, relevant definitions with respect to certain key terms within the Consent Order specifics to the Foreclosure Review. The guidance and the related definitions are incorporated herein by reference and PwC will use best efforts so that its services in connection with the Foreclosure Review are consistent with this guidance.



*Foreclosure Review File Evaluation Services*

The table below describes the file-related Services PwC will perform for the sample foreclosure actions.

Consent Order Requirements	Scoping Assumptions	Foreclosure Review File Evaluation Services and Reporting Considerations
(i) "whether, at the time the foreclosure action was initiated or the pleading of affidavit filed (including bankruptcy proceedings and in defending suits brought by borrowers), the foreclosing party or agent of the party had properly documented ownership of the promissory note and mortgage (or deed of trust) under relevant state law, or was otherwise a proper party to the action as a result of agency or other similar status;"	<p>Base sample determination: a numerical sampling approach supplemented with additional judgmental sampling to ensure the selection of a minimum of 5 files per state across all samples.</p> <p>Risk-based sample determination: see segmentation description above.</p>	<p><i>(Note that the Foreclosure Review Services and reporting considerations described herein are preliminary and illustrative only. The listing is not intended to be fully inclusive and will be subject to further revisions based on continued industry evaluations, benchmarking and/or specific facts and circumstances unique to SunTrust and SunTrust's operations, documentation and/or systems).</i></p> <ol style="list-style-type: none"> <li>1. With respect to whether the foreclosing party had legal standing based upon the key documents, observations will be reported for the following<sup>4</sup>:               <ol style="list-style-type: none"> <li>a. Lack of existence of (i) electronic or paper copy of original promissory note naming SunTrust (or a private investor for whom SunTrust is the servicing agent) as the beneficiary of the note or (ii) the original note endorsed in blank but held by the foreclosing party;</li> <li>b. Evidence of a final allonge, assignment, or endorsement of the promissory note from SunTrust (or a private investor for whom SunTrust is the servicing agent) to another person or entity not named as the foreclosing party;</li> <li>c. Lack of existence of electronic or paper copy of the mortgage or an assignment of the mortgage naming SunTrust (or a private investor or its nominee for whom SunTrust is the servicing agent) or the foreclosing party as the secured party in the file; and</li> <li>d. Evidence of an assignment of the mortgage from SunTrust (or a private investor or its nominee for whom SunTrust is the servicing agent) to another person or entity who is not the foreclosing party on the file.</li> </ol> </li> </ol>
(ii) "whether the foreclosure was in	Base sample determination: a numerical sampling approach	

<sup>4</sup> Matters will be reviewed under this section to document whether foreclosing party was a "Party Entitled to Enforce" the note and mortgage under the UCC and applicable state law.



Consent Order Requirements	Scoping Assumptions	Foreclosure Review File Evaluation Services and Reporting Considerations
accordance with applicable state and federal laws, including but not limited to, the Servicemembers Civil Relief Act and the US Bankruptcy Code;"	<p>supplemented with additional judgmental sampling to ensure the selection of a minimum of 5 files per state across all samples.</p> <p>Risk-based sample determination: see segmentation description above.</p>	<p><i>(Note that the Foreclosure Review Services and reporting considerations described herein are preliminary and illustrative only. The listing is not intended to be fully inclusive and will be subject to further revisions based on continued industry evaluations, benchmarking and/or specific facts and circumstances unique to SunTrust and SunTrust's operations, documentation and/or systems).</i></p> <ol style="list-style-type: none"> <li>1. SCRA - Observations will be reported for the following:               <ol style="list-style-type: none"> <li>a. Evidence that foreclosure action was completed by SunTrust while borrower was under protection of SCRA;</li> <li>b. Evidence that SunTrust made an adverse credit reporting against borrower protected under the SCRA as a result of that borrower's active military status; and</li> <li>c. Evidence that a servicemember borrower protected under the SCRA was charged an interest rate greater than 6% after providing SunTrust notice of active military duty.</li> </ol> </li> <li>2. Bankruptcy - Observations will be reported for the following:               <ol style="list-style-type: none"> <li>a. Evidence that SunTrust made an effort to complete foreclosure while the borrower was subject to the protections of bankruptcy.</li> <li>b. Evidence that SunTrust commenced a foreclosure action against a borrower subject to the protections of bankruptcy with knowledge of that borrower's protected status.</li> </ol> </li> <li>3. State laws - Observations will be reported for the following:               <ol style="list-style-type: none"> <li>a. Situations where notifications about foreclosure proceedings or sale were inconsistent with state requirements;</li> <li>b. Situations where the servicer filed an affidavit of indebtedness which was inconsistent with supporting data for principal, interest through the date of judgment, pre-acceleration late fees, costs and expenses, attorney's fees, and any deductions/credits/set-offs that borrower was entitled to under the terms of the</li> </ol> </li> </ol>





Consent Order Requirements	Scoping Assumptions	Foreclosure Review File Evaluation Services and Reporting Considerations
		<p><i>(Note that the Foreclosure Review Services and reporting considerations described herein are preliminary and illustrative only. The listing is not intended to be fully inclusive and will be subject to further revisions based on continued industry evaluations, benchmarking and/or specific facts and circumstances unique to SunTrust and SunTrust's operations, documentation and/or systems).</i></p>
		<p>loan documents; and</p> <p>c. Evidence of non-compliance with state-level foreclosure requirements.</p>
<p>(iii) "whether, with respect to non-judicial foreclosures, the procedures followed with respect to the foreclosure sale (including the calculation of the default period, the amounts due, and compliance with notice periods) and post-sale confirmations were in accordance with the terms of the mortgage loan and state law requirements;"</p>	<p>Base sample determination: a numerical sampling approach supplemented with additional judgmental sampling to ensure the selection of a minimum of 5 files per state across all samples.</p> <p>Risk-based sample determination: see segmentation description above.</p>	<p>1. As it relates to non-judicial foreclosure activities, observations will be reported for the following:</p> <ul style="list-style-type: none"> <li>a. Situations where notifications about foreclosure proceedings or sale were inconsistent with state requirements or the mortgage loan documents;</li> <li>b. Situations in which, without appropriate justification, the period between the foreclosure legal notifications and foreclosure sales dates did not comply with established requirements; and</li> <li>c. Instances in which the post-sale confirmation was issued and/or executed before an established requirement.</li> </ul>
<p>(iv) "whether the foreclosure sale occurred when the borrower had requested a loan modification or other loss mitigation and the request was under consideration; when the loan was performing in accordance with a trial or permanent loan modification; or when the loan had not been in default for a sufficient period to authorize foreclosure pursuant to terms of the mortgage loan documentation and related agreements;"</p>	<p>Base sample determination: a numerical sampling approach supplemented with additional judgmental sampling to ensure the selection of a minimum of 5 files per state across all samples.</p> <p>Risk-based sample determination: see segmentation description above.</p>	<p>1. As it relates to loss mitigation or loan modification activities, observations will be reported for the following:</p> <ul style="list-style-type: none"> <li>a. Evidence that a loss mitigation request was not considered due to a procedural mistake on SunTrust's part such as a misunderstanding of the borrower's intent to request loss mitigation or a misunderstanding of the borrower's intent to abandon the request;</li> <li>b. Unless otherwise subject to investor direction or guidance, evidence that a loan was performing pursuant to a trial modification, trial payment period, or permanent modification at the time of a completed foreclosure sale; and</li> <li>c. Evidence that at the time of foreclosure</li> </ul>



Consent Order Requirements	Scoping Assumptions	Foreclosure Review File Evaluation Services and Reporting Considerations
		<p><i>(Note that the Foreclosure Review Services and reporting considerations described herein are preliminary and illustrative only. The listing is not intended to be fully inclusive and will be subject to further revisions based on continued industry evaluations, benchmarking and/or specific facts and circumstances unique to SunTrust and SunTrust's operations, documentation and/or systems).</i></p> <p>sale the loan had not been in default status for a sufficient period of time under the terms of the mortgage loan (or modification thereof) to permit SunTrust to foreclose.</p>
<p>(v) "whether any delinquent borrower's account was charged fees or penalties that were not permissible under the terms of the borrower's loan documents, state or federal law, or were otherwise unreasonable."</p>	<p>Base sample determination: a numerical sampling approach supplemented with additional judgmental sampling to ensure the selection of a minimum of 5 files per state across all samples.</p> <p>Risk-based sample determination: see segmentation description above.</p> <p>The period of delinquency and assessment of fees or penalties will be limited to those fees and/or penalties charged to the borrower beginning with the first period of delinquency and continuing through the foreclosure process for those loans which were subject to a foreclosure proceeding during the Review Period.</p>	<ol style="list-style-type: none"> <li>1. As it related to charged fees and/or penalties, observations will be reported for the following:               <ol style="list-style-type: none"> <li>a. Evidence that any fees and penalties actually charged and collected against the borrower's loan account through foreclosure exceed the amounts or rates disclosed in the loan documents executed by the borrower;</li> <li>b. Evidence that any fees or penalties actually charged and collected against the borrower's loan account through foreclosure exceeded the rates for those fees and penalties "customarily charged" in that state such that a fee or penalty charged and collected against the borrower's account for a service performed by or on behalf of SunTrust deviated by more than 25% from the range of fees or costs approved under the applicable Government Sponsored Enterprise or HUD guidelines or otherwise deviated from such range by more than \$100.00;</li> <li>c. Evidence that a service was not in fact performed for each fee charged and collected through foreclosure against the borrower's account for performance of that service; and</li> <li>d. Evidence that any of the fees or penalties charged and collected against the borrower's account through foreclosure was charged at a frequency in excess of the amount or frequency described by applicable Government Sponsored Enterprise or other applicable guidelines.</li> </ol> </li> </ol>



Consent Order Requirements	Scoping Assumptions	Foreclosure Review File Evaluation Services and Reporting Considerations
		<p><i>(Note that the Foreclosure Review Services and reporting considerations described herein are preliminary and illustrative only. The listing is not intended to be fully inclusive and will be subject to further revisions based on continued industry evaluations, benchmarking and/or specific facts and circumstances unique to SunTrust and SunTrust's operations, documentation and/or systems).</i></p>
(vi) "whether Loss Mitigation Activities with respect to foreclosed loans were handled in accordance with the requirements of HAMP, if applicable, and consistent with the policies and procedures applicable to SunTrust Mortgage's proprietary loan modifications or other Loss Mitigation programs, such that each borrower had an adequate opportunity to apply for a Loss Mitigation option or program, any such application was handled appropriately, and a final decision was made on a reasoned basis and was communicated to the borrower before the foreclosure sale;"	<p>Base sample determination: a numerical sampling approach supplemented with additional judgmental sampling to ensure the selection of a minimum of 5 files per state across all samples.</p> <p>Risk-based sample determination: see segmentation description above.</p>	<p>1. As it relates to the eligible GSE modification population and eligible proprietary loss mitigation population, observations will be reported for the following:</p> <ul style="list-style-type: none"> <li>a. Lack of evidence that an active opportunity for participation in a loss mitigation program was presented to the borrow by written or oral communication;</li> <li>b. Lack of evidence that a completed loss mitigation application was handled appropriately by SunTrust;</li> <li>c. Lack of evidence that SunTrust's final decision on each completed application was made on a reasoned basis; and</li> <li>d. Lack of evidence that the final decision on each completed application was communicated to the borrower before the foreclosure sale occurred.</li> </ul>
(vii) "whether any errors, misrepresentations, or other deficiencies identified in the Foreclosure Review resulted in financial injury to the borrower or the owner of the mortgage loan."	Sample size: previous samples for Consent Order requirements (i) - (vi).	Observations related to steps performed within Consent Order requirements (i) - (vi) will be considered in relation to financial injury to the borrower.

#### Foreclosure Review Work Paper Storage and Access Control

Foreclosure Review work papers prepared by PwC will be retained on a server located in PwC's Data Center.





[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]





## **Access to Information and Privileged Information**

We understand that we will be required to execute a written agreement with the FRB providing for the FRB's prompt and complete access to documents and information created by or in the possession of any of the parties with respect to the Foreclosure Review. Pursuant to the applicable regulatory requirements, submission of any information required by the FRB does not waive or otherwise affect any claim of privilege by SunTrust, SunTrust's external counsel, PwC and/or PwC's external counsel as to any third party. The FRB will maintain requested information as confidential, non-public supervisory information, and will review any request for access to such information in accordance with the requirements of the FRB's applicable rules. Should the FRB receive a governmental or third party subpoena for such information, the FRB will notify SunTrust, SunTrust's external counsel, PwC and/or PwC's external counsel so that these parties may act to protect any claim of privilege with respect to such information.

## **Deliverables**

We expect to provide you with Deliverables prepared for and delivered to you under this Agreement, including the following: PwC will prepare a written report detailing the observations of the Foreclosure Review ("Foreclosure Report"). Draft versions of any deliverables circulated to SunTrust or SunTrust's independent legal consultant for review will be solely for the purposes of receiving comments on factual and legal accuracies. It is expected that immediately upon completion, the Foreclosure Report will be submitted to the Federal Reserve Bank, Examiner-in-Charge, and the Company's Board of Directors. We will make any workpapers associated with the Foreclosure Review available to the FRB upon its written request, which PwC understands will be subject to the FRB's customary examination privilege, and all other applicable privileges and protections as described in more detail above, and that the provision of such materials to the FRB will not waive any such privilege, protection or related defense that can be asserted by SunTrust or SunTrust's external counsel.

PwC and SunTrust recognize that documents, workpapers, materials, and other information provided by SunTrust, and those produced by PwC, will be shared between the parties in order to facilitate compliance with the requirements of the Foreclosure Review. SunTrust documents, files, databases, electronic shared sites, workpapers, materials, and other information, as well as those of its foreclosure counsel, remain the property of SunTrust, to be used for this Foreclosure Review as well as any other use SunTrust may elect.

You will own all Deliverables except as follows: we own our working papers, preexisting materials and any general skills, know-how, processes, or other intellectual property (including a non-SunTrust specific version of any Deliverables) which we may have discovered or created as a result of the Services. You have a nonexclusive, non-transferable license to use such materials included in the Deliverables for your own internal use as part of such Deliverables.

In addition to Deliverables, we may develop software or other electronic tools to assist us with an engagement. If we make these available to you, they are provided "as is" and your use of these tools is at your own risk.

Notwithstanding anything to the contrary in this Agreement, SunTrust shall retain ownership of all of your own materials, proprietary information and intellectual property, including such materials, proprietary information or intellectual property used in connection with the Foreclosure Review or in the creation of the



Foreclosure Report or other Deliverables, and we shall not obtain any right, title or interest in such materials, proprietary information or intellectual property.

### **Use of Deliverables**

PwC is providing the Services and Deliverables solely for your use and benefit pursuant to a client relationship exclusively with you. The Services and Deliverables are not intended for a third party's use, benefit or reliance and PwC disclaims any contractual or other responsibility or duty of care to others based upon these Services or Deliverables or advice we provide. Except as described below, you shall not discuss the Services with or disclose Deliverables to any third party, or otherwise disclose the Services or Deliverables without PwC's prior written consent.

Notwithstanding anything to the contrary in this Agreement, you may discuss the Services and disclose the Deliverables to (i) relevant regulatory bodies with jurisdiction over you, including the FRB, or (ii) the independent legal consultant retained in connection with the Foreclosure Review and any SunTrust external counsel, without PwC's prior written consent. The Company may provide the Deliverables to the relevant regulatory bodies, including the FRB, which will be granted full and timely access to the Deliverables (and PwC's related workpapers upon written request), which PwC understands will be subject to the FRB's customary examination privilege and that the provision of such materials to the FRB will not waive any applicable privilege, protection or related defense that can be asserted by SunTrust or by SunTrust's external counsel.

You may disclose any materials that do not contain PwC's name or other information that could identify PwC as the source (either because PwC provided a Deliverable without identifying information or because you subsequently removed it) to any third party if you first accept and represent them as its own and you make no reference to PwC in connection with such materials.

SunTrust shall indemnify [REDACTED]

### **Timeline**

Pursuant to the terms of the Consent Order, within 45 days of the issuance of the Consent Order, SunTrust will retain independent consultant(s) acceptable to the Federal Reserve Bank and the Examiner-in-Charge to conduct the Foreclosure Review. Within 5 days of the engagement of the independent consultant(s), but prior to the commencement of the Foreclosure Review, SunTrust will submit to the Federal Reserve Bank and Examiner-in-Charge, the engagement letter(s) with such independent consultant(s) for approval. Completion of the Foreclosure Review is required within 120 days from approval of the engagement letter(s). The independent consultant shall prepare a written report detailing the findings of the Foreclosure Review which is to be completed within 30 days of the completion of the Foreclosure Review. Within 45 days of the submission of the written report to the FRB, SunTrust shall submit a plan, acceptable to the FRB, to remediate all financial injury to borrowers caused by any errors, misrepresentations, or other deficiencies identified in the written report. Within 60 days after the FRB provides supervisory non-objection to the plan to remediate all financial injury to borrowers, SunTrust shall make all reimbursement and remediation payments and provide all credits required by such plan, and provide the FRB with a report detailing such payments and credits.

The time to complete our field work and prepare our Foreclosure Review report will be dictated by sample sizes, the number of complaints received, additional guidance provided by the FRB, SunTrust's ability to



provide the necessary, complete and accurate documentation and information in a timely manner, and the ability of SunTrust's independent legal consultant to complete the required legal analysis and provide legal conclusions that may be required by PwC to complete the performance of the Services. Additional sampling may be required based on the results of the initial samples or complaint or claim investigation or resolution may be required.

In the event that we anticipate that our timelines will be impacted we will notify you immediately.

### **Document Retention**

We will maintain and retain final evidential matter supporting the Deliverable (i.e., electronic and hard copy workpapers) for a period of two years from the date of the Deliverable. SunTrust is responsible for maintaining and retaining evidential matter under its document retention policies and procedures for a period of two years from the date of the Deliverable.

### **Confidentiality**

"Confidential Information" means non-public information that a party marks as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature. All terms of this Agreement, including but not limited to fee and expense structure, are considered confidential. Confidential Information does not include any information which (i) is rightfully known to the recipient prior to its disclosure; (ii) is released to any other person or entity (including governmental agencies) without restriction; (iii) is independently developed by the recipient without use of or reliance on Confidential Information; or (iv) is or later becomes publicly available without violation of this Agreement or may be lawfully obtained by a party from a non-party. Each party to this letter agreement will protect the confidentiality of Confidential Information that it receives from the other party or on the other party's behalf, and will not disclose such Confidential Information except to perform this Agreement and/or as required by applicable law, statute, rule, regulation or professional standard, without the other party's prior consent. If disclosure is required by law, statute, rule or regulation (including any subpoena or other similar form of process), or by professional standards, the party to which the request for disclosure is made shall (other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide the other party with prior prompt written notice thereof and, if practicable under the circumstances, allow the other party to seek a restraining order or other appropriate relief.

### **Your Responsibilities**

Our role is advisory only. You are responsible for all management functions and decisions relating to this Agreement, including evaluating and accepting the adequacy of the scope of the Services in addressing your needs. You are also responsible for the results achieved from using the Services or Deliverables, and it is your responsibility to establish and maintain your internal controls. You will designate a competent member of management to oversee the Services. We expect that you will provide timely, accurate and complete information and reasonable assistance, and we will perform the engagement on that basis. In addition:

- The Company will provide all necessary population information in order to facilitate sample selection during the engagement.
- For those foreclosure actions selected in the samples, the Company will provide, all documentation necessary to evaluate the action against the criteria - and such documentation, to your knowledge, will be accurate and complete in all material respects.
- The Company is responsible for any potential resolution of observations identified as part of the Foreclosure Review.



- The Company will provide sufficient facilities and computing resources for PwC to execute their assigned tasks. This may include, but is not limited to, computers, desks, telephones and networking facilities.
- All assessments will assume that the documentation presented to the PwC team prior to the initiation of work efforts is the only available documentation, except as otherwise agreed to by the parties. All assessments will be performed based on the point in time of the initiation of our Services.
- PwC and SunTrust recognize and agree that the conduct of the Foreclosure Review will require significant interaction between the parties.

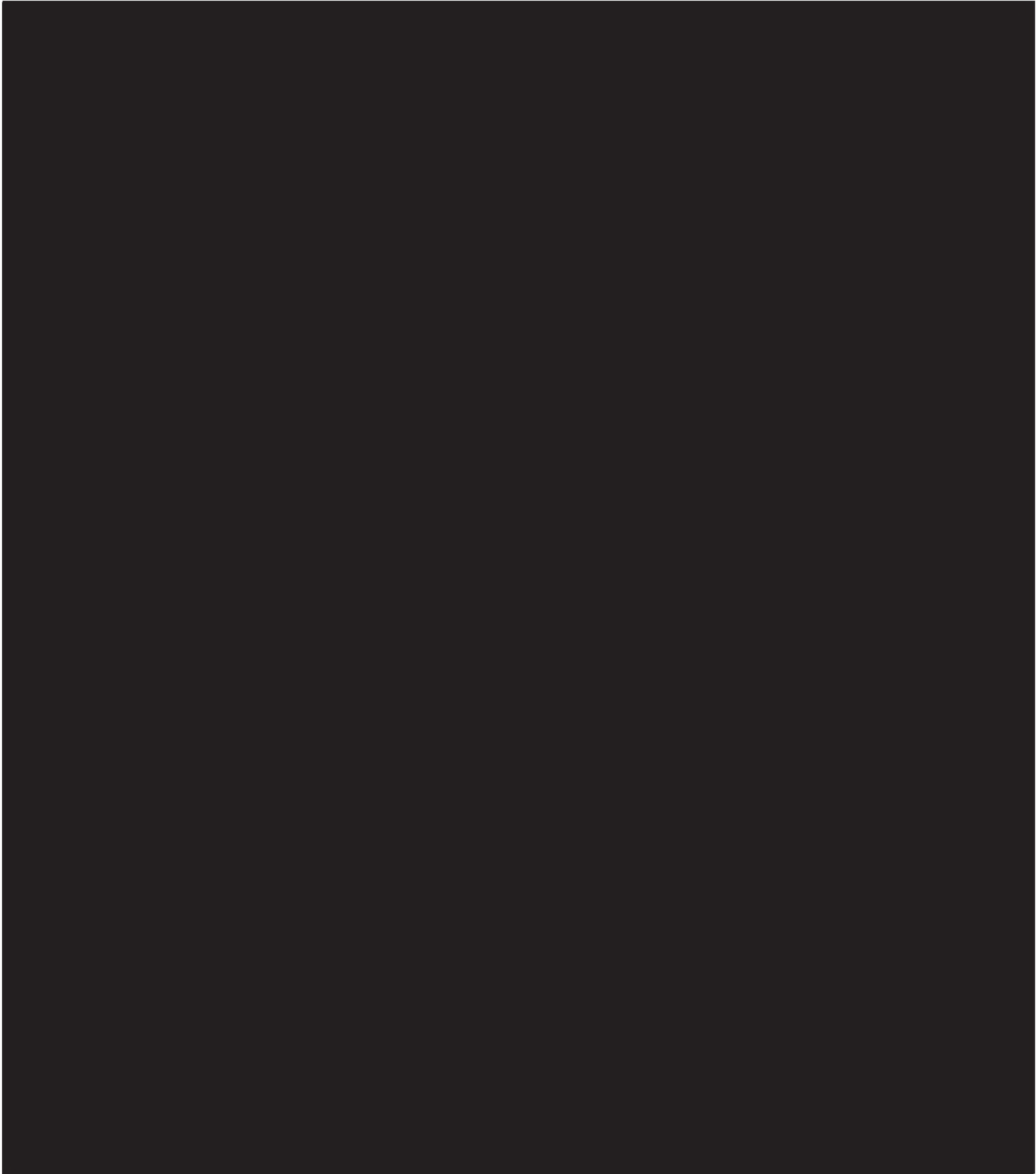
#### **PwC's Team Structure and Industry Experience**

The team that PwC will commit to this engagement has a combination of knowledge and experience with mortgage servicing, default management and, in particular, foreclosures. Additionally, the PwC engagement team will be complemented with resources with significant experience in the evaluation of and testing of mortgage servicers' compliance with a variety of previously established industry servicing criteria - including but not limited to loss modification programs (e.g., Regulation AB, the Uniform Single Attestation Program ("USAP"), HUD, etc.).

The overall leaders of the PwC team will include the following individuals:









#### **Fees and Expenses**

Our fee estimate is based on the time required by our professionals to complete the engagement. Individual hourly rates vary according to the experience and skill required. PwC's fees are based on the time required by the individual specialists assigned to the engagement. Our fees for the above work will be billed on a time and materials basis which will not exceed the following rates:

Level	Not-to-exceed Hourly Rate
Partner	
Managing Director	
Director/Sr Manager	
Manager	
Senior Associate	
Associate	

PwC also will bill you for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and internal per-ticket charges for booking travel. Invoices are due within 15 days of the invoice date. Reasonable out-of-pocket expenses will include any fees and/or related reasonable out-of-pocket expenses of any professional advisors deemed necessary to meet the FRB requirements as described within the Consent Order and/or related verbal and written guidance.

#### **Termination and Dispute Resolution**

Any party to this Agreement may terminate the Services by giving written notice to that effect. Upon termination each party will return or irretrievably destroy all Confidential Information of the other party that it has in its possession, including any information stored on its own equipment, and upon request provide the other party with a certificate attesting the destruction. Notwithstanding anything to the contrary in this Section or the Agreement, PwC may keep its working papers, and such copies of the Deliverables and SunTrust's Confidential Information to comply with its document retention policies or in accordance with applicable law, rule, regulation or professional standards. Any copies of SunTrust's Confidential Information so kept shall be retained in accordance with the terms of this Agreement. Further, the parties will work to ensure the termination of Services or transfer of Services to another service provider selected by SunTrust (which may include SunTrust) is orderly and is non-disruptive to the business continuation of each party. Notwithstanding the foregoing, if SunTrust terminates the Agreement without cause, SunTrust will remain



obligated to pay for all undisputed fees and expenses incurred prior to the effective date of termination. PwC will furnish to SunTrust the latest version of any work product in progress upon the effective date of termination, in the format mutually agreed to by the parties. SunTrust acknowledges and agrees that any such drafts or works in progress are provided "as is" and are solely for SunTrust's convenience. PwC expressly disclaims any and all responsibility and liability with respect to any drafts or works in progress provided to SunTrust, and such drafts or works in progress may not be relied upon or attributed to PwC unless PwC specifically reduces such draft to a final writing.

Any unresolved dispute relating in any way to the Services or this Agreement shall be resolved by arbitration. The arbitration will be conducted in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect. The arbitration will be conducted before a panel of three arbitrators. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort. It shall also have no power to award damages inconsistent with the Limitations of Liability provisions below. Judgment on any arbitration award may be entered in any court having jurisdiction. All aspects of the arbitration shall be treated as confidential. You accept and acknowledge that any demand for arbitration arising from or in connection with the Services must be issued within one year from the date you became aware or should reasonably have become aware of the facts that give rise to our alleged liability and in any event no later than two years after any such cause of action accrued.

This Agreement and any dispute relating to the Services will be governed by and construed, interpreted and enforced in accordance with the laws of the State of New York, without giving effect to any provisions relating to conflict of laws that require the laws of another jurisdiction to apply.

#### **Limitations on Liability**



#### **Other PwC Firms**

PwC is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of PwC, the "Other PwC Firms"). During its performance of the Services, PwC may (i) draw on the resources of its subsidiaries and/or third party contractors, which provide PwC internal business, administrative, technical, outsourcing, regulatory compliance functions or other "back office" support in connection with the Services, and/or (ii) subcontract to other third party subcontractors, in each case of (i) or (ii), within or outside of the United States (and in each case of (i) or (ii), a "PwC Subcontractor"). SunTrust agrees that PwC may provide information PwC receives in connection with this Agreement to the PwC Subcontractors for such purposes. PwC will be solely responsible for the provision of the Services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. The PwC Subcontractors and theirs and PwC's respective partners, principals or employees (collectively the "Beneficiaries") shall have no liability or obligations arising out of this Agreement. SunTrust agrees to: (a) bring any claim or other legal proceeding of any nature arising from the Services against PwC and not against the Beneficiaries; and (b) ensure or procure that the any affiliates or subsidiaries of SunTrust do not assert any such claim or other legal proceeding against PwC or the Beneficiaries. If any of such affiliates or subsidiaries receive Services or the benefit of the Services under this Agreement, SunTrust agrees to provide a copy of this Agreement to such affiliates or subsidiaries, and SunTrust will notify them that although the Beneficiaries may interact with them, the delivery of the Services is governed by the terms of this Agreement (including the liability limitations herein), and the affiliates or subsidiaries should notify SunTrust



of any disputes or potential claims arising from the Services. While PwC is entering into this Agreement on its own behalf, this section also is intended for the benefit of the Beneficiaries.

#### Other Matters

PwC is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the Services we provide, non-CPA owners may be involved in providing Services to you now or in the future.

No party to this Agreement may assign or transfer this Agreement, or any rights, obligations, claims or proceeds from claims arising under it, without the prior written consent of the other party, and any assignment without such consent shall be void and invalid. If any provision of this Agreement is found to be unenforceable, the remainder of this Agreement shall be enforced to the extent permitted by law. If we perform the Services prior to both parties executing this Agreement, this Agreement shall be effective as of the date we began the Services. You agree we may use your name in experience citations and recruiting materials. This Agreement supersedes any prior understandings, proposals or agreements with respect to the Services, and any changes must be agreed to in writing through an amendment to this Agreement or a change order.

By entering into this Agreement, you are binding your subsidiaries and affiliates to the extent that you have the authority to do so. We disclaim any contractual or other responsibility or duty of care to any other subsidiaries or affiliates.

\* \* \* \* \*

We are pleased to have the opportunity to provide Services to you. If you have any questions about this Agreement, please discuss them with [REDACTED]. If the Services and terms outlined in this Agreement are acceptable, please sign one copy of this Agreement in the space provided and return it to the undersigned. You may return the signed copy to me by mail or air courier to, [REDACTED], by facsimile to my attention at [REDACTED] or attached as a pdf, jpeg or similar file type to an e-mail to me at [REDACTED].

Very truly yours,

*PricewaterhouseCoopers LLP*

By: [REDACTED]  
Partner

Date: January 25, 2012





**ACKNOWLEDGED AND AGREED:**

**SunTrust Bank**

**By** [REDACTED]

**Signature of client official:**

**Please print name:**

**Date:**

**January 25, 2012**

**SunTrust Banks, Inc.**

**By** [REDACTED]

**Signature of client official:**

**Please print name:**

**Date:**

**January 25, 2012**

**Sun Trust Mortgage, Inc.**

**By** [REDACTED]

**Signature of client official:**

**Please print name:**

**Date:**

**January 25, 2012**